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House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

HOUSE BILL 2473

AN ACT

AMENDING SECTION 38-856, ARIZONA REVISED STATUTES; RELATING TO THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-856, Arizona Revised Statutes, is amended to
3 read:

4 38-856. Benefit increases

5 A. Effective July 1 of each year, each retired member or survivor of a
6 retired member is entitled to receive a permanent increase in the base
7 benefit equal to the amount determined pursuant to this section if either:

8 1. The retired member or the survivor of a retired member was
9 receiving benefits on or before July 31 of the two previous years.

10 2. The retired member or survivor of a retired member was fifty-five
11 years of age or older on July 1 of the current year and was receiving
12 benefits on or before July 31 of the previous year.

13 B. The monthly amount of a permanent increase provided by subsection A
14 is determined as follows:

15 1. Determine the excess investment earnings on the net assets of the
16 fund.

17 2. Determine the excess investment earnings account balance.

18 3. Determine the actuarial present value, as of June 30 of the
19 preceding calendar year, of a five dollar per month increase in the amount of
20 each pension eligible for an increase.

21 4. Add the amounts determined in paragraphs 1 and 2 of this subsection
22 then divide by the amount determined in paragraph 3 of this subsection.

23 5. From the quotient obtained in paragraph 4 of this subsection, drop
24 any fraction.

25 6. Multiply the number obtained in paragraph 5 of this subsection by
26 five dollars.

27 C. The excess investment earnings on the net assets of the fund are
28 equal to the total assets of the fund less any amount allocated to the excess
29 investment earnings account multiplied by one-half of the positive
30 difference, if any, between the total return of the system and ~~nine per cent~~
31 THE ASSUMED RATE OF RETURN THAT IS DETERMINED BY THE FUND MANAGER OR EIGHT
32 PER CENT, WHICHEVER IS GREATER. The excess investment earnings on the net
33 assets of the fund are zero if the total return of the system is less than or
34 equal to ~~nine per cent~~ THE ASSUMED RATE OF RETURN THAT IS DETERMINED BY THE
35 FUND MANAGER OR EIGHT PER CENT, WHICHEVER IS GREATER OR IF THE SYSTEM'S
36 FUNDING VALUE RATIO OF ACCRUED ASSETS TO ACCRUED LIABILITIES AS OF JUNE 30 OF
37 THE PRECEDING YEAR IS LESS THAN ONE HUNDRED PER CENT.

38 D. As used in this section, total return and the net assets of the
39 fund are the amounts published in the annual report of the system for the
40 fiscal year ending June 30 of the calendar year preceding the July 1 of the
41 increase.

42 E. All excess investment earnings on the net assets of the fund are
43 available for benefit increases as provided in this section. Any excess
44 investment earnings on the net assets of the fund from any year which are not
45 used for benefit adjustments for that year are available for future benefit

1 increases in the following years. Earnings on the excess investment earnings
2 account balance at the rate of the total return as published in the annual
3 report of the system shall be added each year to the excess investment
4 earnings account and shall be available for future benefit increases.

5 F. The maximum benefit increase under this section is limited to the
6 equivalent of four per cent of the average normal benefit being received on
7 the preceding June 30.